

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE
Project Staff Report
Tax-Exempt Bond Project
September 29, 2021

Orange Corporation Yard, located at 637 West Struck Avenue in the City of Orange, requested and is being recommended for a reservation of \$1,380,912 in annual federal tax credits to finance the new construction of 61 units of housing serving large families with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by C&C Development Co., LLC and will be located in Senate District 37 and Assembly District 68.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers.

Project Number CA-21-615

Project Name Orange Corporate Yard
 Site Address: 637 West Struck Avenue
 Orange, CA 92867 County: Orange
 Census Tract: 762.04

Tax Credit Amounts	Federal/Annual	State/Total
Requested:	\$1,380,912	\$0
Recommended:	\$1,380,912	\$0

Applicant Information

Applicant: Orange Housing Development Corporation
 Contact: Todd Cottle
 Address: 14211 Yorba Street, Suite 200
 Tustin, CA 92780
 Phone: (714) 288-7600
 Email: todd@c-cdev.com

General Partner(s) or Principal Owner(s): C&C Orange Corporate Yard LLC
 OHDC Orange Corporate Yard LLC
 General Partner Type: Joint Venture
 Parent Company(ies): C&C Development Co., LLC
 Orange Housing Development Corporation
 Developer: C&C Development Co., LLC
 Bond Issuer: California Municipal Finance Authority
 Investor/Consultant: National Equity Fund Inc.
 Management Agent: Advanced Property Services Management, Inc.

Project Information

Construction Type: New Construction
 Total # Residential Buildings: 2
 Total # of Units: 62
 No. / % of Low Income Units: 61 100.00%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers
 (8 Units / 13%)

Information

Housing Type: Large Family
 Geographic Area: Orange County
 TCAC Project Analyst: Franklin Cui

55-Year Use / Affordability

<u>Aggregate Targeting Number of Units</u>	<u>Percentage of Affordable Units</u>
30% AMI: 20	33%
50% AMI: 9	15%
60% AMI: 25	41%
70% AMI: 7	11%

Unit Mix

18 2-Bedroom Units
<u>44 3-Bedroom Units</u>
62 Total Units

<u>Unit Type & Number</u>	<u>2021 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
3 2 Bedrooms	30%	\$908
5 3 Bedrooms	30%	\$1,049
12 2 Bedrooms	30%	\$908
9 3 Bedrooms	50%	\$1,748
25 3 Bedrooms	60%	\$2,098
3 2 Bedrooms	70%	\$2,119
4 3 Bedrooms	70%	\$2,448
1 3 Bedrooms	Manager's Unit	\$0

Project Cost Summary at Application

Land and Acquisition	\$4,321,000
Construction Costs	\$16,645,802
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$1,654,493
Soft Cost Contingency	\$300,000
Relocation	\$0
Architectural/Engineering	\$1,175,000
Const. Interest, Perm. Financing	\$1,649,232
Legal Fees	\$160,000
Reserves	\$283,800
Other Costs	\$2,235,179
Developer Fee	\$3,463,825
Commercial Costs	\$0
Total	\$31,888,331

Residential

Construction Cost Per Square Foot:	\$234
Per Unit Cost:	\$514,328
True Cash Per Unit Cost*:	\$450,395

Construction Financing

Source	Amount
Bank of America	\$16,100,000
Bank of America - Taxable Loan	\$2,400,200
Seller Carryback	\$3,000,000
Housing Asset Fund	\$1,250,000
Development Loan	\$762,500
HOME	\$1,600,000
Deferred Costs	\$325,943
Deferred Developer Fee	\$2,713,825
General Partner Equity	\$100
Tax Credit Equity	\$3,735,763

Permanent Financing

Source	Amount
Bank of America (Tranche A)	\$10,303,160
Bank of America (Tranche B)	\$1,533,230
Seller Carryback	\$3,000,000
Housing Asset Fund	\$1,250,000
Development Loan	\$762,500
HOME	\$1,600,000
Orange County	\$479,520
Deferred Developer Fee	\$963,825
General Partner Equity	\$100
Tax Credit Equity	\$11,995,996
TOTAL	\$31,888,331

*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis:	\$26,555,993
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$34,522,791
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$1,380,912
Total Maximum Annual Federal Credit:	\$1,380,912
Approved Developer Fee (in Project Cost & Eligible Basis):	\$3,463,825
Investor/Consultant:	National Equity Fund Inc.
Federal Tax Credit Factor:	\$0.86870

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Significant Information / Additional Conditions: None.

Resyndication and Resyndication Transfer Event: None.

Standard Conditions

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a reservation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

CDLAC Additional Conditions

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the TCAC placed in service review, TCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.